



THE BOARD OF DIRECTORS
APPROVES THE DRAFT OF STATUTORY AND CONSOLIDATED ANNUAL REPORT
AS OF DECEMBER 31, 2015

FULL YEAR 2015 CONSOLIDATED RESULTS (vs. FULL YEAR 2014):

- ◆ **NET REVENUES:** €438.0 MILLION
(COMPARED TO €426.1 MILLION AS OF DECEMBER 31, 2014)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** €41.8 MILLION
(COMPARED TO €41.2 MILLION AS OF DECEMBER 31, 2014)
- ◆ **OPERATING PROFIT (EBIT):** €17.2 MILLION
(COMPARED TO €18.4 MILLION AS OF DECEMBER 31, 2014)
- ◆ **NET PROFIT FOR THE PERIOD BEFORE DISCONTINUED OPERATIONS:** €11.0 MILLION
(COMPARED TO €10.2 MILLION AS OF DECEMBER 31, 2014)
- ◆ **NET PROFIT FOR THE PERIOD:** €9.9 MILLION
(COMPARED TO €5.4 MILLION AS OF DECEMBER 31, 2014)
- ◆ **NET FINANCIAL DEBT:** €50.3 MILLION
(€65.9 MILLION AS OF DECEMBER 31, 2014)

FULL YEAR 2015 RESULTS OF PARENT COMPANY RENO DE MEDICI S.P.A. (vs. FULL YEAR 2014):

- ◆ **NET REVENUES:** €217.5 MILLION
(COMPARED TO €208.8 MILLION AS OF DECEMBER 31, 2014)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** €24.2 MILLION
(COMPARED TO €24.6 MILLION AS OF DECEMBER 31, 2014)
- ◆ **OPERATING PROFIT (EBIT):** €9.8 MILLION
(COMPARED TO €12.2 MILLION AS OF DECEMBER 31, 2014)
- ◆ **NET PROFIT FOR THE PERIOD:** €12.4 MILLION
(COMPARED TO €3.4 MILLION AS OF DECEMBER 31, 2014)
- ◆ **NET FINANCIAL DEBT:** €43.9 MILLION
(€64.0 MILLION AS OF DECEMBER 31, 2014)



ORDINARY MEETING OF SHAREHOLDERS WILL BE CALLED, BY ANNOUNCEMENT PUBLISHED ON MARCH 25, 2016, FOR APRIL 28 AND 29, 2016, IN FIRST AND SECOND CALL RESPECTIVELY

A DIVIDEND OF EURO 0.0052 PER ORDINARY SHARE AND OF 0.0735 PER SAVINGS SHARE HAS BEEN PROPOSED

PROPOSED DIVIDEND WILL BE PAID FROM MAY 11, 2016 (WITH AN EX-DIVIDEND DATE OF MAY 9, 2016 AND A RECORD DATE OF MAY 10, 2016)

ANNUAL REPORT ON CORPORATE GOVERNANCE, OWNERSHIP STRUCTURE AND BOARD OF DIRECTORS REPORT ON REMUNERATION APPROVED

Milan, March 17, 2016

The Board of Directors of **Reno De Medici S.p.A.** (“RDM” or the “Company”), parent company of one of the world’s largest producers of recycled cartonboard, met today under the chairmanship of Mr. Ignazio Capuano, examined and approved the **Draft of Statutory and Consolidated Annual Report as of December 31, 2015** of the Reno De Medici Group (“RDM Group” or the “Group”), which closes recording a **Net Profit for the Period** of 9.9 million euro, a strong growth compared to 5.4 million euro in the previous fiscal year and an **EBITDA** of 41.8 million euro, an increase compared the 41.2 million euro of 2014. **Net Financial Indebtedness** as of December 31, 2015 declines to 50.3 million euro, a significant improvement compared to 65.9 million euro as at December 31, 2014, thanks to positive performance of operations.

Introduction

In the **White Lined Chipboard** sector, in which Reno De Medici operates, in 2015 the European demand grew by 2.8% compared to the previous year, mainly driven by Eastern European Countries. In the framework of a generally positive trend, a negative performance was experienced both in Germany, with a limited decline, and in the United Kingdom, showing a larger fall.

In detail, European demand was marked by the exceptionally high order flow recorded in the first part of the year, followed by a visible slowdown in the second part. Such dynamics, which are not completely in line with the general economic evolution, might be influenced by inventory management policies (re-stocking followed by de-stocking) adopted by customers.

As regards the main **factors of production**, prices of recycled fibers, which increased until August, stabilized in September, then decreased in the last months of the year. Such evolution is in line with



the trend of Chinese imports from Europe, which have shown a decline in last months of 2015. The prices of the chemical components present a mixed picture, as latex prices have decreased since July/August, whilst starch prices have grown.

The **price of natural gas**, main energy source for the Reno De Medici Group, and the **price of coal**, main energy source for the Arnsberg mill, have shown a steady decline throughout 2015. The **electricity price** have shown greater stability, even though it presented a downward trend in the last part of the year. In particular, in 2015 the cost of electricity for the Italian mills has recorded a substantial increase, due to the mandatory contribution imposed also on self-produced energy, aimed to support renewable energy sources: starting from October, after the new increase, the weight of mandatory contribution was higher than the bare cost of electricity.

**Main
Consolidated
Results as of 31
December 2015**

As of December 31, 2015 the RDM Group **Net Revenues** amounted to **438.0 million euro**, an increase compared 426.1 million euro in the previous fiscal year. The improvement is mainly due to **higher sold volumes**, equal to **824,000 tons** as at December 31, 2015 (such amount does not include the Spanish Subsidiary Company Reno De Medici Ibérica S.l.ù., which, starting from the FY2014, has been presented in the accounts as 'held for sale') vs. the 805,000 tons sold in 2014. This increase is mainly due to the greater contribution of the Santa Giustina mill.

As at December 31, 2015 the **Gross Operating Profit (EBITDA)** is equal to **41.8 million euro**, an increase compared to 41.2 million euro in 2014. The improvement in operating profitability is even more sizeable when adjusted for the impact of the Energy Efficiency Certificates (EEC), which in 2014 were granted for a higher amount following the completion of five-year projects.

In FY2015, **2.2 million euro** of assets' write-downs were charged, relevant to some buildings and service facilities at the Magenta mill and dismantling costs.

As a consequence of lower EEC and higher asset write-downs, **Operating Profit (EBIT)** amounts to **17.2 million euro**, compared to 18.4 million euro recorded in 2014.

In 2015, **Net Financial Expenses** amount to 3.1 million euro, a substantial decrease compared to 4.6 million euro in 2014. Such improvement reflects the decrease in Net Financial Indebtedness and the benefits of lower interest rates on the average cost of debt. Exchange differences were also positive, due to the revaluation of the US dollar and the GBP recorded in Q1 2015.

In 2015, the provisions for **Income Tax** amount to **3.7 million euro**, a slight decrease vs. 3.9 million euro recorded in the previous year.



In 2015, **Net Consolidated Profit ante Discontinued Operations** is **11.0 million euro**, an increase compared to 10.2 million euro recorded in the previous fiscal year.

The **Result from Discontinued Operations** is **negative by 1.1 million euro**, compared to -4.8 million euro in 2014. Such result is the adjustment to fair value less costs to sell, the adjustment represents the 2015 loss of the company Reno De Medici Ibérica S.l.ù., which at the end of 2014 was made held for sale and reclassified accordingly, following the provisions of IFRS 5. On January 27, 2016, the sale of the Company took place.

In 2015, the RDM Group reached a **Net Profit of 9.9 million euro**, a sizeable increase vs. 5.4 million euro in 2014, which was penalized by the negative impact of the Discontinued Operations.

During 2015 **Capital Expenditure** made by the RDM Group amounted to **12.7 million euro**, vs. 19.7 million euro in 2014.

Net Financial Indebtedness as at December 31, 2015, calculated including Reno de Medici Ibérica S.l.ù., is equal to 50.3 million euro, an improvement compared to 65.9 million euro as at December 31, 2014, thanks to the positive operating performance. Moreover, today the RDM Group presents a debt mainly based on long-term facilities, which provide the source stability needed for adequately supporting operations, especially technical capital expenditure, and possible strategic opportunities.

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**Statutory Report
Parent Company
Reno De Medici
S.p.A. as of 31
December 2015**

As of December 31, 2015 the Parent Company **Reno De Medici S.p.A.** achieved **Net Revenues** of **217.5 million euro**, an increase compared to 208.8 million euro in FY2014, thanks to higher tons sold in 2015 and, especially, thanks to the full contribution of the Santa Giustina mill, which in 2014 showed a slowdown due to the investment in the board machine. Average 2015 prices result substantially in line with the previous year.

Gross Operating Profit (EBITDA) of the Parent Company RDM as of December 31, 2015 amounted to **24.2 million euro**, compared to 24.6 million euro as of December 31, 2014.

As of December 31, 2015, **Net Operating Profit (EBIT)** amounted to **9.8 million euro**, compared to 12.2 million euro achieved in the previous fiscal year.

Net Result as at December 31, 2015 of Reno De Medici S.p.A. amounts to **12.4 million euro**, after depreciation, amortization and write-downs of approximately 14.3 million euro, net financial expenses of 2.7 million euro and investment income of 6.5 million euro. Taxes were negative by 1.3 million euro. In FY2014 the Parent Company presented a Net Result of 3.4 million euro.



Net Financial Indebtedness of RDM S.p.A. as of December 31, 2015 is equal to **€43.9 million**, an improvement compared to €64.0 million at December 31, 2014.

The Board of Directors will propose to the Ordinary Shareholders' Meeting, called for 28 and 29 April 2016, in first and second call respectively, by announcement that will be published on March 25, 2016, the following allocation of 2015 net profit, equal to Euro 12,388,940.36, as follows:

- Euro 619,447.02 to the Legal Reserve pursuant to Article 2430 of the Italian Civil Code;
- Euro 2,239,196.98 to cover residual losses pursuant to the resolution of November 2, 2015;
- Euro 20,090.34 to be paid to owners of savings shares for each of the 273,338 outstanding savings shares, a preferred dividend of Euro 0.0735 per savings share, gross of legal withholdings;
- Euro 1,963,143.81 to be distributed to shareholders by way of a dividend of Euro 0.0052 for each of the 377,527,656 outstanding shares, gross of legal withholdings;
- Euro 7,547,062.21 to be placed in the "Available Reserve" created due to the capital decrease resolved upon on November 2, 2015 and taking effect on February 29, 2016, which is therefore increased in the amount of Euro 17,946,218.01.

The proposed dividend is of **Euro 0.0052 per Ordinary Share** and of **Euro 0.0735 per Savings Share**.

The share will trade ex-dividend on May 9, 2016; the dividend will be paid from May 11, 2016, with a "record date" of May 10, 2016.

Key events

On **January 27, 2016**, Reno De Medici Ibérica S.l.ù. has been sold to Arpafino, a newly-established Spanish Company, set up by a group of managers and former managers of the Subsidiary, at a price of 800,000 euro, corresponding to the book value in the consolidated accounts of Reno De Medici. The sale will allow a 4.2 million euro reduction in the Group financial indebtedness.

On **March 14, 2016** Reno De Medici S.p.A. has signed a Memorandum of Understanding to purchase, even indirectly, the entire share capital of **Cascades S.A.S.**, presently 100% owned by Cascades Inc., the Canadian company that, indirectly via Cascades S.A.S., controls 57.6% of RDM



share capital. The purchase price, ranging between 16 and 20 million euro, will be finalized after the due diligence and the contract negotiations will have been completed and once the interest in the RDM share capital will be transferred to Cascades Inc.. Given the involvement of a Related Party, in compliance with current legislation, the transaction will be subject, in addition to the approval of the Board of Directors of Reno De Medici, even to the favourable opinion from the Related Party Transaction Committee. Reno De Medici will fund the Cascades S.A.S. purchase through its banking facilities. The acquisition of Cascades S.A.S. provides Reno De Medici with the opportunity of playing a direct role in a complementary business – the virgin-fiber cartonboard – that presents high-value users in the food and pharmaceutical industry.

Again on **March 14, 2016** Reno De Medici has sold a 17% stake in the EmmausPack S.r.l. share capital to the Oldani Family (Mr. Stefano Oldani and Mr. Andrea Oldani as buyers of bare ownership and Mr. Angelo Oldani as beneficiary of usufruct). The sale will reduce the RDM holdings in the sheeting and distribution center from 51% to 34% of total share capital. The purchase price has been set at 700,000 euro. Reno De Medici will therefore benefit from a reduction in its Consolidated Net Financial Debt of approx. € 3 million.

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Outlook

As regards the macroeconomic scenario, in the short term no major change in the main economic drivers is expected; the evolution of Q1 2016 should be in line with that of Q4 2015.

Forecasts for 2016 envisage a moderate acceleration of global growth (+3.4% according to IMF estimates), while in the Euro Area the increase expected in 2016 should attain +1.7%. In Italy, in particular, forecasted growth is 1.3%, much higher than the 0.8% growth recorded in 2015. All the factors that supported the 2015 improvements should continue to be in place even in 2016: low energy cost, favourable exchange rate of the Euro, declining unemployment, and accommodative ECB's monetary policy.

In the sector in which Reno De Medici operates, the beginning of 2016 is moderately encouraging, with order inflows recovering more satisfactory levels. The prices of recycled fibers are stable, whilst energy prices continue to stay at very low levels. In any case, also the outlook for the sector remains marked by uncertainty.

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Other Resolutions

The Board of Directors of Reno De Medici also approved the Report on Corporate Governance and Ownership Structure as well as the Remuneration Report pursuant Article 123-ter D.Lgs. 58/98.

The Draft Financial Statements as of December 31, 2015, together with the Directors' Report, the Report on Corporate Governance and Ownership Structure, the Report of the Statutory Auditors



and Independent Auditors, as well as the Report on Remuneration, together with other items in the Shareholders' Agenda, will be subjected to approval of shareholders at the Meeting that will be called by announcement published on March 25, 2016 on the newspaper MF/Milano Finanza.

All documents will be made available on the Company's website, in the Shareholders' Meeting section, as required by law, while the Board of Directors' Report to the Shareholders is already available.

Mr. Stefano Moccagatta, the officer in charge of drafting the Company's accounting documents, declares pursuant to Art. 154-bis, sub-section 2, of Italian Legislative Decree 58/1998 ("Consolidated Law on Financial Intermediation") that the information contained in this press release corresponds to documentary results and to accounting books and records.

In addition to the financial indicators conventionally required by IFRS, this press release also presents a few alternate performance indicators (for example, EBITDA) in order to provide a better assessment of the trend of economic and financial performance. These indicators are calculated according to normal market practices.

This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

The Annual Financial Report, including the draft Financial Statements, the Consolidate Financial Statements, the Management Report, the Declaration of the Financial Reporting Executive and the Delegated Body, the Report of the Board of Statutory Auditors and the Independent Auditors, as well as the Report on Corporate Governance and Ownership Structure pursuant to Article 123-bis of the CFA will be available to the public within the legal timescales at the Company's registered office at Viale Isonzo 25, Milan; shareholders have the right to obtain copies of the same. Such documents will be also available within the legal timescales on the authorized storage system NIS Storage, accessible at the site www.emarketstorage.com, and will be also consultable in the Investor Relations section of the corporate website, www.renodemedici.it.

For further information

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